



LINDA S. ADAMS
SECRETARY FOR ENVIRONMENTAL
PROTECTION

CALIFORNIA INTEGRATED WASTE MANAGEMENT BOARD



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September 10, 2008

Brian Cox, Director
Division of Environmental Health
Humboldt County
100 H Street, Suite 100
Eureka, CA 95501

RE: FINAL AUDIT REPORT – TIRE ENFORCEMENT ASSISTANCE GRANTS:
TEA09-03-0014; TEA11-04-0017; AND TEA12-05-0031 (INTERIM)

Dear Mr. Cox:

Enclosed is the final report on the audit of Humboldt County's Waste Tire Enforcement Assistance Grants TEA09-03-0014; TEA11-04-0017; and TEA12-05-0031 (interim) awarded for the periods June 30, 2004, through June 30, 2007. Our audit included a review of receipts, expenditures, internal controls, and compliance with the grant agreement provisions.

CIWMB congratulates the County on the results of this audit. No findings resulted from this review of the County provided information. Although, this review was selective and any result cannot be applied with certainty to County's grant program as a whole, we believe that this audit report is reflective of County's proper grant administration. This final report is intended for your use only.

If you have any questions regarding this report, please contact George Mendoza, Audit Manager, at (916) 324-1358 or gmendoza@ciwmb.ca.gov.

Sincerely,

Susan Villa, Branch Manager
Fiscal Services Branch
California Integrated Waste Management Board

Enclosure

cc: James W. Clark, Land Use Unit Supervisor, Humboldt County
Carolyn G. Hawkins, Solid Waste LEA Program Manager, Humboldt County
Cynthia Chason, Administrative Assistant II, Humboldt County
Jim Lee, Manager, Tire Facilities Operations and Evaluation, CIWMB
Barbara Strough, Supervisor, Tire Facilities North, CIWMB
Carl Coaxum, Auditor, Audits and Evaluations Unit, CIWMB
CIWMB Audits and Evaluations Unit Files



A GRANT AUDIT

Humboldt County

Waste Tire Enforcement Assistance Grants

Draft Audit Report

Grants TEA09-03-0014, TEA11-04-0017

And

TEA12-05-0031 (Interim)

**For the Periods June 30, 2004
through June 30, 2007**

**Prepared By:
California Integrated Waste Management Board
Audits and Evaluations Unit**

September 2008

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PREFACE

The California Integrated Waste Management Board awarded TEA09-03-0014, TEA11-04-0017, and TEA12-05-0031 Waste Tire Enforcement Assistance Grants to Humboldt County. These grant agreements were funded by the Tire Recycling Management Fund.

The grant agreements were as follows:

Grant Agreement	Amount	Audit Period
TEA09-03-0014	\$110,860.00	06/30/04 – 06/30/05
TEA11-04-0017	\$108,132.00	06/30/05 – 06/30/06
TEA12-05-0031	\$ 91,568.00	06/30/06 – 06/30/07

The objective of this audit was to determine County's compliance with the grant agreements. The audit also assessed County's compliance with fiscal and statutory requirements, as well as a review of internal controls.

This report is intended for the information and use of CIWMB and County's management. However, this report is a matter of public record and its distribution is not limited.

STAFF:

Carl Coaxum
Auditor

AUDITOR'S REPORT

Mr. Mark Leary, Executive Director
California Integrated Waste Management Board
1001 I Street, MS-25A
Sacramento, CA 95814

The Audits and Evaluations Unit conducted an audit of Humboldt County's (County) Waste Tire Enforcement Assistance Grants. Public Resources Code, Section 48657, requires California Integrated Waste Management Board (CIWMB) shall conduct a selective audit of entities to determine whether grants and recycling incentives are being paid out properly. This audit report meets this statutory requirement and is intended for the information and use of CIWMB and County's management.

This audit included a review of receipts, expenditures, internal controls, and compliance with the grant agreement provisions for:

- TEA09-03-0014, June 30, 2004 through June 30, 2005
- TEA11-04-0017, June 30, 2005 through June 30, 2006
- TEA12-05-0031, June 30, 2006 through June 30, 2007

To summarize the grant receipts and expenditures, prepared were Statements of Revenue and Expenditures for these agreements executed between CIWMB and County. These Statements were prepared from County's records and are the responsibility of the County's management. The audit responsibility is to provide management reassurance on the propriety of grant payments as represented by these Statements.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors. These standards require that we plan and perform the audit to provide reasonable assurance as to whether County is compliant with the requirements of the grant agreements. An audit includes examining, on a substantive and control test basis, evidence supporting sample amounts listed in the Statements and grant compliance disclosures.

As part of the audit, County did provide a management representation letter. This letter is to confirm County's representations provided to us explicitly or implicitly, indicate and document the continuing appropriateness of such representations, and reduce the possibility of misunderstanding concerning the matters that are the subject of the representations.

Compliance

The Statements represent fairly, in all material respects, the claimed and audited revenue and expenditures for grant agreements.

As part of obtaining reasonable assurance on the Statements, we performed tests of County's compliance with certain regulations and the grant agreement. The results of our tests disclosed compliance with the grant agreement requirements.

Management Controls

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures on the Statements and not to provide assurance on the internal control over financial reporting.

This report is intended solely for the information and use of CIWMB and County's management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Susan Villa, Branch Manager
Fiscal Services Branch
(916) 341-6092

September 10, 2008

STATEMENT OF REVENUE AND EXPENDITURES

Humboldt County
Waste Tire Assistance Grant TEA09-03-0014
For the Period June 30, 2004 through June 30, 2005

	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Revenue:			
State Grant	\$86,486.64 *	\$ 86,486.64	\$0.00
Total Revenue	<u>\$86,486.64</u>	<u>\$ 86,486.64</u>	<u>\$0.00</u>
 Eligible Expenditures:			
Inspections	\$25,532.01	\$25,532.01	\$0.00
Surveillance	\$3,653.24	\$3,653.24	\$0.00
Enforcement	\$3,285.18	\$3,285.18	\$0.00
Education	\$4,968.75	\$4,968.75	\$0.00
Training	\$13,077.80	\$13,077.80	\$0.00
Reporting	\$12,401.59	\$12,401.59	\$0.00
Equipment Costs	\$14,650.40	\$14,650.40	\$0.00
Transportation Costs	\$1,091.00	\$1,091.00	\$0.00
Indirect (Misc) Costs	\$7,866.00	\$7,866.00	\$0.00
Total Expenditures	<u>\$86,525.97</u>	<u>\$86,525.97</u>	<u>\$0.00</u>
 Amount Expenditures are Under Revenues	<u><u>-\$39.33</u></u>	<u><u>-\$39.33</u></u>	
 Total Amount Questioned			<u><u>0.00</u></u>
 Grant Funds to be Repaid			<u><u>0.00</u></u>

-\$110,860.00 Total Award
\$86,486.64 * Claimed
 -\$24,373.36 Disencumbered

The accompanying notes are an integral part of this statement.

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STATEMENT OF REVENUE AND EXPENDITURES

Humboldt County
Waste Tire Assistance Grant TEA11-04-0017
For the Period June 30, 2005 through June 30, 2006

	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Revenue:			
State Grant	\$ 55,678.70 *	\$ 55,678.70	\$0.00
Total Revenue	<u>\$ 55,678.70</u>	<u>\$ 55,678.70</u>	<u>\$0.00</u>
Eligible Expenditures:			
Inspections	\$18,633.66	\$18,633.66	\$0.00
Surveillance/Enforcement	\$7,635.09	\$7,635.09	\$0.00
Education	\$3,893.84	\$3,893.84	\$0.00
Training	\$6,455.05	\$6,455.05	\$0.00
Reporting	\$7,058.74	\$7,058.74	\$0.00
Equipment	\$5,880.64	\$5,880.64	\$0.00
Transportation Costs	\$1,059.98	\$1,059.98	\$0.00
Indirect (Misc) Costs	\$5,061.70	\$5,061.70	\$0.00
Total Expenditures	<u>\$55,678.70</u>	<u>\$55,678.70</u>	<u>\$0.00</u>
 Amount Expenditures are Under Revenues	 <u>\$0.00</u>	 <u>\$0.00</u>	
	Total Amount Questioned		<u>0.00</u>
	Grant Funds to be Repaid		<u>0.00</u>
-\$108,132.00 Total Award			
<u>\$55,678.70</u> * Claimed			
-\$52,453.30 Disencumbered			

The accompanying notes are an integral part of this statement.

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STATEMENT OF REVENUE AND EXPENDITURES

Humboldt County
Waste Tire Assistance Grant TEA12-05-0031
For the Period June 30, 2006 through June 30, 2007

	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Revenue:			
State Grant	\$50,631.37 *	\$50,631.37	\$0.00
Total Revenue	<u>\$50,631.37</u>	<u>\$50,631.37</u>	<u>\$0.00</u>
 Eligible Expenditures:			
Inspections	\$19,528.41	\$19,528.41	\$0.00
Surveillance/Enforcement	\$3,884.04	\$3,884.04	\$0.00
Education	\$11,240.96	\$11,240.96	\$0.00
Training	\$8,668.08	\$8,668.08	\$0.00
Reporting	\$2,061.44	\$2,061.44	\$0.00
Equipment	\$181.89	\$181.89	\$0.00
Transportation Costs	\$902.01	\$902.01	\$0.00
Indirect (Misc) Costs	\$4,646.68	\$4,646.68	\$0.00
Total Expenditures	<u>\$51,113.51</u>	<u>\$51,113.51</u>	<u>\$0.00</u>
 Amount Expenditures are Over Revenues	<u><u>-\$482.14</u></u>	<u><u>-\$482.14</u></u>	
 Total Amount Questioned			<u><u>\$0.00</u></u>
 Grant Funds to be Repaid			<u><u>0.00</u></u>

-\$91,568.00 Total Award

\$50,631.37 * Claimed

-\$40,936.63 Not Closed through Field Audit

The accompanying notes are an integral part of this statement.

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NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES

Humboldt County
Waste Tire Enforcement Assistance Grant
TEA09-03-0014, TEA11-04-0017 and TEA12-05-0031
For Audit Period of June 30, 2004, through June 30, 2007

Note 1 Description of the Reporting Entity

Humboldt County (County), a political subdivision of the State of California governed by an elected Board of Supervisors, exercises the powers specified by the Constitution and statutes of the State. The County's reporting entity includes all significant organizations, departments, and agencies over which the County's Board exercises oversight and budgeting responsibilities. The County's Division of Environmental Health has general responsibility for these grant projects. The integrated waste management enforcement programs are primarily carried out through Local Enforcement Agencies and the California Integrated Waste Management Board acting/serving as the Waste Tire Enforcement Assistance (TEA).

Note 2 Program Information

The California Integrated Waste Management Board administers the California Solid Waste Disposal Regulatory Reform Act, which includes the disbursement of Waste Tire Enforcement Assistance Grants from the Integrated Waste Management Account/Fund.

The Legislature enacted the California Solid Waste Disposal Regulatory Reform Act (Public Resources Code Sections 43200 – 43222 and 43230 – 43232). The TEA program awards grants to local enforcement agencies, which use the funds to implement waste tire collection and recycling programs. The intent of the grant funds is to enhance the LEA program by providing funds to acquire additional equipment, supplies, training, and technical support. Effectiveness of the program is measured by monitoring compliance of solid waste facilities and associated LEA programs.

Note 3 Descriptions of Waste Tire Enforcement Assistance Grants

The County claimed reimbursement of \$86,486.64 for TEA09-03-0014, \$55,678.70 for TEA11-04-0017 and \$50,631.37 for TEA12-05-0031 for solid waste local enforcement agencies within the County jurisdiction to investigate illegal tire activities, perform waste tire facilities inspections, and survey tire dealers, auto dismantlers, tire haulers, and other points of waste tire generation to ensure compliance with all applicable laws and regulations. The grant terms covered the overall period June 30, 2004, through June 30, 2007.

The County's primary goals for the Waste Tire Enforcement Assistance Grants were to provide policy and enforce for the disposal and storage of waste tires. The County is responsible for the identification, investigation, and enforcement of waste tire generators, transporters, and facilities.

Note 4 Summary of Significant Accounting Policies

A. Basis of Presentation

The Statements presented in this report were prepared from the County's accounts and financial transactions. The Statement summarizes revenue and expenditures recorded by the County during the reporting periods referenced in Note 3. It is further noted that the County did not record the financial transactions in accordance with Grant Agreement – Exhibit B (Procedures and Requirements) TEA09-03-0014, TEA11-04-0017, and TEA12-05-0031, which contains guidance for the grants.

The Statement summarizes the County's transactions pertaining to TEA09-03-0014, TEA11-04-0017, and TEA12-05-0031. They are not intended to represent all of the County's financial activities.

B. Basis of Accounting

The County's accounts are maintained on the modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenues are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred.

Note 5 Compliance

During the performance of this audit, we observed that the County does govern its Waste Tire Enforcement Assistance Grant Program in accordance with the Terms and Conditions and Procedures and Requirements of the Grant Agreements.